

then I will have to take this activity elsewhere.

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IDS Life Insurance Company  
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415 Boston Turnpike Road  
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Phone: (508) 845-8880  
Fax: (508) 508-842-0330

----- Forwarded by Neil H Gendreau/Field/WH/AEFA on 02/27/2004 01:42 PM -----

From: Erika C D'Atri on 02/27/2004 01:37 PM  
To: Neil H Gendreau/Field/WH/AEFA@AMEX  
cc: Keith T Bixby/Field/WH/AEFA@AMEX  
Subject: Urgent Information Regarding 412 (i)

----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/27/2004 01:36 PM -----

From: Bill Baker on 02/27/2004 08:21 AM CST  
To: Erika C D'Atri/Field/WH/AEFA@AMEX  
cc: Kitty Taylor@AMEX, Gloria Spencer@AMEX, Timothy Dodds@AMEX, Cara Gressen@AMEX, Dave H Smith/AMER/AEFA/AEXP@AMEX  
Subject: Re: 412i plans

Erika -

For the time being, advisors should **not** be selling 412(i) plans, even via single case authorization procedure. That's the answer without regard to whether a 412(i) product is available from a vendor with whom AEFA has a selling agreement.

Don Davenport in Life Insurance is working to get a non-prop 412(i) product approved and in place, but until an appropriate product is identified and adequate controls and processes are in place, the potential risks involved are too serious to permit advisor activity with such plans. The government isn't really trying to ban these plans---in fact, they recognize that they can be legitimate---but they are trying to shut down what they view as "abusive transactions". On February 13 the IRS issued proposed regulations that impose significant new requirements on such plans, and also issued three revenue rulings that provide interim rules for valuing life insurance policies within a 412(i) plan, identify a plan technique that is considered a tax shelter, and outline plan practices that violate nondiscrimination rules.

Please let me know if you have any questions. Thanks.

----- Forwarded by Bill Baker on 02/27/2004 08:09 AM -----

From: Erika C D'Atri on 02/24/2004 09:54 PM EST  
To: Bill Baker@AMEX, Kitty Taylor@AMEX  
cc: Gloria Spencer@AMEX, Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans

Hi Bill and Kitty:

I hope that you are well.

Tim Dodds, referred me to you regarding obtaining some information about our advisors selling 412(i) plans.

Would you be able to advise me of the following questions:

- 1) Can our advisors offer them?
- 2) If yes, how do we proceed?

Thank you in advance for your prompt response.

Sincerely,

Erika D'Atri  
Field Compliance Manager  
MG 224

----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/24/2004 09:52 PM -----

From: Timothy Dodds on 02/24/2004 03:01 PM CST  
To: Gloria Spencer@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans

I'd suggesting talking with Bill Baker, in Qplan compliance, and possibly Kitty Taylor. It's not clear to me AEFA as an organization supports our advisors offering 412i plans. If we do allow them to be offered, the funding question remains perplexing. This is an example where compliance controls need to be in place before or concurrent with the approval of such strategies. Selling anything but an IDS Life annuity is considered selling away. The advisor should not place or recommend the strategy until he gains approval in writing.

----- Forwarded by Timothy Dodds on 02/24/2004 02:55 PM -----

From: Gloria Spencer on 02/24/2004 02:49 PM  
To: Timothy Dodds@AMEX  
cc:  
Subject: Re: 412i plans


I have already explain to them that they cannot use the single case authorization process for other than insurance products. I am totally lost as to who can help on this question. Any suggestions?

----- Forwarded by Gloria Spencer on 02/24/2004 02:47 PM -----

From: Erika C D'Atri on 02/20/2004 04:06 PM EST  
To: Gloria Spencer@AMEX, Cara Gressen@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans

More information regarding 412(i) plans.

----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/20/2004 04:05 PM -----

From: Neil H Gendreau on 02/20/2004 11:19 AM  
To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans 

Hi guys,

Thank you for your help so far.

I thought it would be useful to provide the both of you a better backdrop of information as you pursue the proper authorities to determine how 412(i) may be offered:

Contributions to 412(i) plans may be made as combination payments to flexible premium fixed annuities and whole life insurance, or to flexible premium fixed annuities only. Contributions to fixed annuities must always be a part of the plan. Since AEFA does not offer flexible premium fixed annuities, and since the maximum face value of whole life insurance is limited to \$25,000, it would be impossible to offer a 412(i) plan funded with AEFA products.


Although there may be many companies that may provide these unique products with whom AEFA has a selling agreement, none of these companies offer the actuarial services that are required to calculate defined benefits and required contributions for each plan. Therefore, it may be more imperative to locate a service provider that will work with advisors, clients, and the clients' tax professionals to perform case analysis, develop proposals, help recommend the most appropriate plan structure, and then provide the required plan documentation. In most cases, organizations that specialize in developing a 412(i) plan will offer agents a number of alternatives for brokering those products that meet specifications for that market. Meanwhile, I have been doing some research on these companies, and have located various providers.


The 412(i) concept is an aggressive tax strategy that will experience the same challenges as other insurance products have historically, including and up to split dollar life insurance plans. While each unique concept bears its own risk, there may be a greater risk in not being able to offer a worthwhile planning strategy to a profitable and captive market who would accrue tremendous benefits while utilizing such an approach. My belief is to make these strategies available while they have the most effective utility. Despite government regulation, many forms of deferred compensation and various tax shelters continue to remain intact, some modified, but few completely incarcerated.

Hope this helps. Again, what I think may be more important is to determine how we may develop a networking relationship with a comprehensive service provider, not necessarily by focusing on those companies with whom AEFA may already have a selling agreement. Furthermore, based on communication with another AEFA advisor, this activity has been permitted before. Therefore, the prevailing issue should pertain to a matter of how, not whether.

Once again, thank you for your efforts.

Neil H. Gendreau  
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 Shrewsbury, MA 01545  
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 Fax: (508) 508-842-0330  
 Keith T Bixby

 Keith T Bixby  
 02/20/2004 09:54 AM

To: Neil Gendreau  
 cc:  
 Subject: Re: 412i plans 

Hello Neil

I just wanted to forward this to you in order to let you know where we stand so far. As Erika said she is continuing to follow up on this as will I. I don't think that this is the answer that we are looking for yet.

Have a great weekend.  
Keith,

From: Erika C D'Atri on 02/19/2004 03:59 PM

From: Erika C D'Atri on 02/19/2004 03:59 PM  
To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc:  
Subject: Re: 412i plans

Hi Keith:

I hope that you are well.

Although I received the answer below, I am still following up with corporate office as 412i plans can be funded with insurance.


However, I would suggest that you advise Neal that the government is trying to ban these plans according to a 02/13 Treasury release.

If you want more information, please contact me.

Best wishes.

Erika


----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/19/2004 03:58 PM -----

From: Gloria Spencer on 02/18/2004 03:25 PM CST  
To: Erika C D'Atri/Field/WH/AEFA@AMEX  
cc:  
Subject: Re: 412i plans 

The only way they should be making those sales is through companies with whom we have a selling agreement. I believe they can be found on Advisor Connect under Products/External products.

The Single Case Authorization form is only for insurance.

From: Erika C D'Atri on 02/18/2004 02:33 PM EST

From: Erika C D'Atri on 02/18/2004 02:33 PM EST  
To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX (bcc: Gloria Spencer)  
Subject: Re: 412i plans 

Hi Keith:

I hope that you are well.

It is uncanny that you sent me an e-mail about 412i plans.

I am currently studying about them in my Financial Planning Masters course. What a coincidence?

Although, I am studying about them, I am still not familiar enough to provide you with an immediate answer.

Single case authorizations are for limited types of products.

I will follow-up with corporate office and provide you with a response as soon as possible.

Please advise Neil that I said thank you for being proactive.

Thank you in advance for your patience.

Erika

From: Keith T Bixby on 02/17/2004 02:30 PM

From: Keith T Bixby on 02/17/2004 02:30 PM

To: Erika.C.D'atri@AEXP.com

cc:

Subject: 412i plans

Hello Erika,

I hope all is well.

Neil gendreau approached me with a question about a small business defined benefit program called a 412i that some AEFA advisors are selling. AEFA does not provide this type of plan so I suspect that they may be able to provide this to thier client's via the single case auth. procedure that is used for insurance sales. My understanding is that there are companies that do the calculations for the employer as to how much they can put away into a 412i plan, then they are put in contact with an insurance company that provides a Flexible Premium Fixed Annuity to fund the plan. AEFA does not offer this type of product.

Neil told me that an AEFA advisor named Vince Camarda in Westbury, New York (516) 334-2700 is doing this at this time. I was wondering if we could find out who his OSJ is and what they needed to do to get authorization for this type of retirement plan.

Thank you for your help  
Keith.

---

Keith T. Bixby  
Managing Principal  
American Express Financial Advisors  
59 Interstate Drive  
West Springfield, MA 01089  
Phone: (413) 737-9600 ext.103  
Fax: (413) 205-2930



Neil H Gendreau

02/27/2004 12:03 PM

To: Donald K Davenport@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX, Keith T Bixby/Field/WH/AEFA@AMEX  
Subject: 412(i) support

FYI:

----- Forwarded by Neil H Gendreau/Field/WH/AEFA on 02/27/2004 11:59 AM -----



Neil H Gendreau

02/27/2004 12:01 PM

To: brokered.insurance@aexp.com  
cc:  
Subject: 412(i) support

To whom it may concern:

I am writing this message after calling your toll free number, and since DBS only has a voice message system now, sending this E-mail is no less expedient than waiting for a return phone call, and meanwhile, I can write this message with the intent of a precise answer.

I am looking to market 412(i) plans. In case you may not be aware, these pre-tax retirements plan that enable accelerated funding and tax deductions for qualified small business owners. However, the implementation of these plans require the use of specific products - flexible premium fixed annuities and whole life insurance, neither of which are offered by AEFA. Furthermore, plan design must be carefully calculated to meet, not only the needs of the small business owner, but also IRS guidelines, which are becoming more strictly defined as these plans increase in popularity. In addition to actuarial support, plan documentation must be carefully drafted to implement the plan, and ongoing support must be available to ensure the plan may is maintained within IRS guidelines.

After consulting with a number of people, directly and indirectly, within our compliance department at AEFA, it appears we do not have a specific system for brokering these plans within AEFA, or through DBS. However, I do not want to jump to pre-mature conclusions. **So my first question is, whether DBS provides any co-ordination or technical support for the implementation of 412(i) plans?**

Assuming the answer is no, **the next question is which companies, available through DBS, offer flexible premium fixed annuities and whole life insurance policies that range in face amount from \$250,000 to several million dollars for death benefits.**

**Third, do any of companies, brokered through DBS, and who provide these specific products, also provide the complimentary administrative support that is required to establish and maintain a 412(i). If so, who are they?**

A reasonably expedient response would be greatly appreciated, as your answer may help us to define what is required for additional follow-through. Thank you in advance for your assistance.

---

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**Neil H Gendreau**

02/26/2004 09:38 PM

To: Donald K Davenport@AMEX  
cc:  
Subject: 412(i) - Observations from originating advisor pertaining to questions directed by Gloria Spencer, Diana Stallone, Cara Gressen, & Erika D'Atri

Hi Don,


This may be a peculiar way to introduce myself, but I have strong convictions about marketing the 412(i) plan and what stands in the way. For what it is worth, and without apologies or mincing words, here is what I think. By the same token, any sincere comments or observations you may have to offer would be well respected, appreciated, and welcome.

----- Forwarded by Neil H Gendreau/Field/WH/AEFA on 02/26/2004 09:22 PM -----



**Neil H Gendreau**

02/26/2004 09:24 PM

To: Erika C D'Atri/Field/WH/AEFA@AMEX  
cc: Keith T Bixby/Field/WH/AEFA@AMEX  
Subject: Re: Direction Regarding 412(i) - Urgent Update 

Hi Erika,

I really appreciate your effort so far. Your research and contacts have been extensive. Unfortunately, through no fault of your own, we have no more clarity now than we did last week, and perhaps a lot more confusion.

My gut feeling is that, although DBS may offer a number of non-proprietary alternatives that may accommodate 412(i) sales, I doubt that there is any administrative medium to co-ordinate implementation for these plans. As we are well aware, plan design is a critical component to the process.

I will contact DBS tomorrow to see if they are familiar with whether any procedure for linking administrative and product support. Quite frankly, I doubt DBS offers this package, but perhaps, some of the companies with whom we have a selling agreement may offer these services fully. The process of elimination may involve a determination of which insurance companies offer the appropriate products, then whether any of these companies provide necessary administrative support on the 412(i).

Like IDS Life, I think it may be rare to find an insurance company that is willing to involve itself in a pre-established market. For better or worse, most large financial institutions operate in a risk adverse manner. On the other hand, this pervasive mindset is what brings opportunity to the table for those who are willing to capitalize against overwhelming reticence. Lions eat the sheep who sleep.

I do believe these circumstances represent the primary reason why a number of private networks have established themselves to offer agents administrative support, and a brokered network of products. As an exception to this trend, the Morny Financial Group may be the only life insurance company who offers comprehensive service for these plans as part of their overall marketing strategy. However, in order to offer their product line requires one to become a captive agent of their company, and I would prefer not to



do that.

Perhaps it is due to these complications that directors within the compliance department have determined the need for further review, and a determination as to how such policy should apply to all advisors. Perhaps it would be more useful with a uniform decorum in place, or better yet, that a pre-established forum that would exist for marketing 412(i) plans within AEFA. My primary concern with the development of such a process is the powers that be may have very little incentive for a meaningful turnaround time. The unavoidable fact is that (any) bureaucratic process is typically more concerned with the development of an identifiable protocol than it is interested in creating the most useful result. I have also found that, in many cases, such individuals may also possess less functional knowledge over the subject matter on which they are given jurisdiction. These ingredients become a recipe for failure. Successful implementation, as anything requires, effective execution. When the delivery is impaired, so is the outcome.

However, I believe thorough communication from the top-down, and the bottom-up, would be an effective resolution to unnecessary meandering. Knowledge is the key to progress. With that in mind, I am doing my best to gather as much information as possible regarding the opportunities, constraints, and mechanisms that are inherent with this process. As we approach this task, I would like to ask of you to allow me to share with this information with whomever necessary, particularly as we may encounter obstacles along the way.

Your previous references to proposed revenue rulings and pending regulatory efforts are duly noted. This response by the IRS only re-inforces the need to solicit reputable administrative support from a provider who demonstrates due diligence and a unique expertise in this field.

Fortunately, from a compliance stand-point, it may take a number of months to bring a prospect from the point of interest to closure. In addition to designing a workable structure which fits the client's financial suitability, and the retirement planning needs for the entire company, the business owner will also seek an implicit endorsement from their tax professional. Therefore, the sales cycle for these plans is a more intricate process, requiring endorsement on many different levels. Accordingly, the 412(i) plan is an innovative concept, and like anything else different from the norm, may not be initially well-received, since if it's that good, then why else isn't everybody doing it? But that general skepticism, and a failure of the financial community to provide the proper perspective, guidance, and clarification, may explain why these plans have not received such a universal following. Actually, this reticence may actually be a good thing, since obscure things tend to lose value when they are better understood at common. Sometimes it's good to keep a good secret relatively quiet.

So here's what I think we need to do from here, in order to make sure that we have covered done our best to utilize the resources we may have currently available. As I have mentioned, I will contact DBS tomorrow, and let you know what I find out once the full story becomes evident:

1. Does DBS provide integrative services for implementing 412(i) plans and brokering insurance products? Probably not, but it probably does not hurt to ask.
2. Assuming DBS may only provide the necessary forum to broker various insurance products, which carriers offer flexible premium fixed annuities and whole life insurance products that are conducive to funding 412(i) plans.
3. Of those insurance carriers which may be available for the appropriate products, do any of these carriers provide the commensurate administrative support that is integral to the design, implementation, and maintenance of a 412(i) plan, within current and expected IRS guidelines. If the answer is yes, then we have found our most compatible answer, and then, implementation may only be a matter of utilizing the Single Case Authorization process as previously discussed.
4. If no, then American Express Financial Advisors needs to extend its financial planning capacity by enabling advisors to seek resources for the implementation of 412(i) plans that are currently available, or

eventually, by developing its own market. There are no other alternatives. Any other response directed as substitution for adequate access is a compromise to the integrity of financial planning, and a direct contradiction to what this company represents. Ultimately, we have to decide whether we will operate as business people, or as bureaucrats.

Once again, thank you for your persistence. I will try to get back to you ASAP (within a week) regarding DBS. Please keep me apprised of any other developments or progress that may arise.

---

Neil H. Gendreau  
Certified Financial Planner  
American Express Financial Advisors  
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From: Erika C D'Atri on 02/26/2004 04:06 PM

From: Erika C D'Atri on 02/26/2004 04:06 PM  
To: Keith T Bixby/Field/WH/AEFA@AMEX, Neil H Gendreau/Field/WH/AEFA@AMEX  
cc:  
Subject: Direction Regarding 412(i) - Urgent Update

Hi Keith and Neil:

I apologize.

I just sent you the attached e-mail after I received it from corporate office.

So, I forwarded it you then.

After I read through the rest of my e-mail, I received another e-mail from one of the directors in the compliance department stating that they want to review the situation as it applies to all advisors.

So, I would greatly appreciate it if you would postpone any activity in this area until I can obtain further clarity from corporate office.

I sincerely apologize for any inconvenience.

Best wishes.

Erika

----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/26/2004 04:04 PM -----

From: Erika C D'Atri on 02/26/2004 04:01 PM  
To: Keith T Bixby/Field/WH/AEFA@AMEX, Neil H Gendreau/Field/WH/AEFA@AMEX  
cc:  
Subject: Direction Regarding 412(i)

Hi Keith and Neil:

I hope that you are well.

I appreciate your patience regarding the 412(i) situation.

Please read corporate office's response below.

Keith - please ensure that you work with Neil to ensure due diligence of the company and suitability of the sale.

Neil - You must submit a Single Case Authorization to Keith. You cannot complete the sale until Keith signs off on it.

If the sale is done, you must update the form to reflect this information.

Please note that this exception is only for one sale.

Neil - You must also disclose this information (if the policy is placed) on your OAD form.

Keith - You must ensure that you maintain a copy of the SCA and you must log the sale in the Independent Brokering section of the RP manual.


I hope that this information makes sense.

Please contact me if you need additional information.

Best wishes.

Erika

----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/26/2004 03:57 PM -----

From: Donald K Davenport on 02/25/2004 08:08 AM CST  
To: Diana Stallone/AMER/AEFA/AEXP@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX, Gloria Spencer@AMEX, Tim Bechtold@AMEX, Jack Kispert@AMEX  
Subject: Re: 412i plans 

Diana,

As of this point we do not have a proprietary product (rather, I should say, group of products, as typically a 412(i) involves *both* an annuity and a life insurance policy) nor appropriate third party administration agreements in place, and therefore can only authorize such plan sales via a single case authorization.

Unfortunately, 412(i) plans have suffered increased scrutiny due to perceived aggressive practitioners, in fact the IRS just released (literally less than two weeks ago) several clarifying documents including proposed regulations to stem up perceived abuses of 412(i) (and other arrangements). Therefore, special care must be taken in approaching these types of plans.

Of course, when structured properly they are extremely beneficial for clients and aid tremendously in helping one reach retirement goals.

We have instructed DBS to inform advisors that we don't authorize 412(i) plans and if they feel strongly that such a plan is appropriate they should follow normal procedures for single case authorizations. Advisors should be getting that message as the only way (as I understand it) they can place insurance through another carrier is through DBS.


I'd like to know if something different is happening or if DBS is telling advisors something different (which I don't believe is the case). Please keep me informed and feel free to ask if you have further questions.

Thanks!

Don

PS. We have begun the process of reviewing 412(i) plans with the Strategy Review Committee (as you're well aware) to examine options including building proprietary products or brokerage arrangements.

From: Diana Stallone on 02/25/2004 07:48 AM

From: Diana Stallone on 02/25/2004 07:48 AM  
To: Donald K Davenport@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX, Gloria Spencer@AMEX  
Subject: Re: 412i plans 

Don,

You know this better than I, however, my understanding is we do not have a product that fits the 412i plans. Therefore we do not currently offer these plans.

If you could add more or if I am misstating anything please let me know.


Thanks

From: Gloria Spencer on 02/24/2004 04:18 PM

From: Gloria Spencer on 02/24/2004 04:18 PM  
To: Diana Stallone/AMER/AEFA/AEXP@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans

Please see the notes below regarding the sales of 412iplans. Can you help on this one?

----- Forwarded by Gloria Spencer on 02/24/2004 04:16 PM -----

From: Cara Gressen on 02/23/2004 10:28 AM  
To: Gloria Spencer@AMEX  
cc:  
Subject: Re: 412i plans 

This is a question for Diana Stallone.


From: Gloria Spencer on 02/20/2004 08:03 AM

From: Gloria Spencer on 02/20/2004 08:03 AM  
To: Cara Gressen@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans

I am lost on this one so maybe you know or can lead us in the right direction?

Apparently the 412i plans can include insurance and annuities. Can advisors working with these types of plans use the Single Case Authorization process to obtain the insurance and annuity products?

----- Forwarded by Gloria Spencer on 02/20/2004 08:01 AM -----

From: Erika C D'Atri on 02/19/2004 03:57 PM EST  
To: Gloria Spencer@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
Subject: Re: 412i plans 

Hi Gloria:

I hope that you are well.

Thank you for your prompt reply. I appreciate it.

I am familiar with the section of AC that you mentioned. However, it does not list 412i plans.

You can fund a 412i plan with insurance or annuities.

Please advise.

Thank you.

Please advise.


Erika

From: Gloria Spencer on 02/18/2004 03:25 PM CST

From: Gloria Spencer on 02/18/2004 03:25 PM CST

To: Erika C D'Atri/Field/WH/AEFA@AMEX

cc:

Subject: Re: 412i plans 

The only way they should be making those sales is through companies with whom we have a selling agreement. I believe they can be found on Advisor Connect under Products/External products.


The Single Case Authorization form is only for insurance.

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cc: Erika C D'Atri/Field/WH/AEFA@AMEX (bcc: Gloria Spencer)

Subject: Re: 412i plans 

Hi Keith:

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I will follow-up with corporate office and provide you with a response as soon as possible.

Please advise Neil that I said thank you for being proactive.

Thank you in advance for your patience.

Erika

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From: Keith T Bixby on 02/17/2004 02:30 PM

To: Erika.C.D'atri@AEXP.com

cc:

Subject: 412i plans

Hello Erika,

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Thank you for your help

Keith.

---

Keith T. Bixby  
Managing Principal  
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Fax: (413) 205-2930



Neil H Gendreau

02/20/2004 11:19 AM

To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX  
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Although there may be many companies that may provide these unique products with whom AEFA has a selling agreement, none of these companies offer the actuarial services that are required to calculate defined benefits and required contributions for each plan. Therefore, it may be more imperative to locate a service provider that will work with advisors, clients, and the clients' tax professionals to perform case analysis, develop proposals, help recommend the most appropriate plan structure, and then provide the required plan documentation. In most cases, organizations that specialize in developing a 412(i) plan will offer agents a number of alternatives for brokering those products that meet specifications for that market. Meanwhile, I have been doing some research on these companies, and have located various providers.

The 412(i) concept is an aggressive tax strategy that will experience the same challenges as other insurance products have historically, including and up to split dollar life insurance plans. While each unique concept bears its own risk, there may be a greater risk in not being able to offer a worthwhile planning strategy to a profitable and captive market who would accrue tremendous benefits while utilizing such an approach. My belief is to make these strategies available while they have the most effective utility. Despite government regulation, many forms of deferred compensation and various tax shelters continue to remain intact, some modified, but few completely incarcerated.

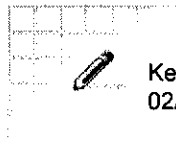
Hope this helps. Again, what I think may be more important is to determine how we may develop a networking relationship with a comprehensive service provider, not necessarily by focusing on those companies with whom AEFA may already have a selling agreement. Furthermore, based on communication with another AEFA advisor, this activity has been permitted before. Therefore, the prevailing issue should pertain to a matter of how, not whether.

Once again, thank you for your efforts.

---

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Keith T Bixby



Keith T Bixby  
02/20/2004 09:54 AM

To: Neil Gendreau  
cc:  
Subject: Re: 412i plans

Hello Neil

I just wanted to forward this to you in order to let you know where we stand so far. As Erika said she is continuing to follow up on this as will I. I dont think that this is the answer that we are looking for yet.

Have a great weekend.  
Keith,

From: Erika C D'Atri on 02/19/2004 03:59 PM

From: Erika C D'Atri on 02/19/2004 03:59 PM  
To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc:  
Subject: Re: 412i plans

Hi Keith:

I hope that you are well.

Although I received the answer below, I am still following up with corporate office as 412i plans can be funded with insurance.

However, I would suggest that you advise Neal that the government is trying to ban these plans according to a 02/13 Treasury release.

If you want more information, please contact me.

Best wishes.

Erika

----- Forwarded by Erika C D'Atri/Field/WH/AEFA on 02/19/2004 03:58 PM -----

From: Gloria Spencer on 02/18/2004 03:25 PM CST  
To: Erika C D'Atri/Field/WH/AEFA@AMEX  
cc:  
Subject: Re: 412i plans


The only way they should be making those sales is through companies with whom we have a selling agreement. I believe they can be found on Advisor Connect under Products/External products.

The Single Case Authorization form is only for insurance.



From: Erika C D'Atri on 02/18/2004 02:33 PM EST

From: Erika C D'Atri on 02/18/2004 02:33 PM EST

To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc: Erika C D'Atri/Field/WH/AEFA@AMEX (bcc: Gloria Spencer)  
Subject: Re: 412i plans 

Hi Keith:

I hope that you are well.

It is uncanny that you sent me an e-mail about 412i plans.

I am currently studying about them in my Financial Planning Masters course. What a coincidence?

Although, I am studying about them, I am still not familiar enough to provide you with an immediate answer.

Single case authorizations are for limited types of products.

I will follow-up with corporate office and provide you with a response as soon as possible.

Please advise Neil that I said thank you for being proactive.

Thank you in advance for your patience.

Erika

From: Keith T Bixby on 02/17/2004 02:30 PM

From: Keith T Bixby on 02/17/2004 02:30 PM

To: Erika.C.D'atri@AEXP.com  
cc:  
Subject: 412i plans

Hello Erika,

I hope all is well.

Neil gendreau approached me with a question about a small business defined benefit program called a 412i that some AEFA advisors are selling. AEFA does not provide this type of plan so I suspect that they may be able to provide this to thier client's via the single case auth. procedure that is used for insurance sales. My understanding is that there are companies that do the calculations for the employer as to how much they can put away into a 412i plan, then they are put in contact with an insurance company that provides a Flexible Premium Fixed Annuity to fund the plan. AEFA does not offer this type of product.

Neil told me that an AEFA advisor named Vince Camarda in Westbury, New York (516) 334-2700 is doing this at this time. I was wondering if we could find out who his OSJ is and what they needed to do to get authorization for this type of retirement plan.

Thank you for your help  
Keith.

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Keith T. Bixby  
Managing Principal

American Express Financial Advisors  
59 Interstate Drive  
West Springfield, MA 01089  
Phone: (413) 737-9600 ext.103  
Fax: (413) 205-2930



**Neil H Gendreau**

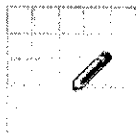
02/19/2004 12:12 PM

To: Keith T Bixby/Field/WH/AEFA@AMEX  
cc:  
Subject: Re: 412i 

Thank you Keith.

---

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Keith T Bixby



Keith T Bixby  
02/19/2004 09:28 AM

To: Neil Gendreau  
cc:  
Subject: 412i

Hello Neil,

Erika is contacting the home office to find out exactly what we need to do to get authorization to sell the 412i plans. She will get back to me as soon as she receives any information.


Thanks for your patience.  
Keith.



Neil H Gendreau

03/19/2004 03:45 PM

*412 (i) Follow Up*

To: Patrick H Oconnell/Field/WH/AEFA@AMEX  
cc:  
Subject: Re: 

Thank you for your support Pat. I fully appreciate the consideration you have extended.

Regards,  
Neil.  
Patrick H Oconnell



Patrick H Oconnell  
03/19/2004 03:33 PM

To: Neil H Gendreau/Field/WH/AEFA@AMEX  
cc:  
Subject:

Hi Neil,

I hope you are well.

I spoke with Jason Mericle from the Hartwood Group today. We had a productive conversation.

After understanding more about 412i's from Jason, I suggested he get in contact with Don Davenport in the life insurance group to discuss allowing the Hartwood Group to provide 412i's to our clients.

Have fun,

Pat